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Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 PM-07 L-03 NSC-10 CIAE-00 DODE-00

INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03

SAM-01 NIC-01 SAJ-01 EB-11 STR-08 TRSE-00 COME-00

ACDA-19 SCI-06 DRC-01 /128 W
---------- 093637
R 071700Z FEB 74
FM USMISSION BERLIN
TO SECSTATE WASHDC 2954
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY VIENNA

C O N F I D E N T I A L BERLIN 250

E.O. 11652: GDS
TAGS: EGEN, ETRD, GE, US
SUBJECT: BUSINESS INTERNATIONAL ROUND TABLE WITH GDR

1. NEUES DEUTSCHLAND (ND) ON FEBRUARY 5, 6 AND 7 GAVE PROMINENT COVERAGE TO BUSINESS INTERNATIONAL (BI) ROUND TABLE IN EAST BERLIN. FACT THAT REPRESENTATIVES OF SO MANY LEADING INTERNATIONAL CONCERNS MET IN EAST BERLIN ADDUCED BY ND AS INDICATION OF GROWING INTEREST ON PART OF WEST IN TRADING WITH GDR. ADN ITEM IN ND ON FEBRUARY 7 INDICATED GDR WELCOMED SUCH INTEREST WHICH, ACCORDING TO SINDERMANN, IS OUTGROWTH OF DETENTE.

2. AT BI RECEPTION IN EAST BERLIN FEBRUARY 5, AMERICAN BUSINESS REPRESENTATIVES TOLD MISSION OFFICER THAT MEETING HAD BEEN UNEXCEPTIONAL, GDR PRESENTATIONS AND Q AND A SESSIONS LARGELY HAVING BEEN CONFINED TO GENERALITIES. ALTHOUGH PARTICIPANTS INCLUDED NON-US FIRMS, GDR PRESENTATIONS APPARENTLY WERE DESIGNED AS IF BI GROUP WERE
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EXCLUSIVELY AMERICAN. EAST GERMANS EMPHASIZED REPEATEDLY

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THAT US-GDR TRADE WOULD NOT GROW IN ABSENCE OF DIPLOMATIC RELATIONS (WHICH US ALLEGEDLY WITHHOLDING SO AS TO RETAIN LEVERAGE ON GDR), MFN AND REMOVAL OF DISCRIMINATORY TRADING BARRIERS. PARTICIPATION IN LEIPZIG FAIR WAS FORCEFULLY PUSHED AS ONLY WAY TO GAIN ACCESS TO AND MAINTAIN TRADING TIES WITH GDR. EAST GERMANS ALSO ASSERTED THEIR COMMITMENT TO INCREASED INTERNATIONAL DIVISION OF LABOR AND LONG-RANGE EFFORTS TO NARROW GDR'S PRODUCTION TO THOSE INDUSTRIAL SECTORS WHERE IT POSSESSES COMPARATIVE ADVANTAGE.

3. GDR SPEAKERS REPORTEDLY EMPHASIZED THAT TRADE MUST BE A TWO-WAY STREET, ALTHOUGH IT NEED NOT NECESSARILY BE BALANCED BILATERALLY. PROPOSAL OF CONTROL DATA CORPORATION (CDC) THAT CDC AND GDR ESTABLISH JOINT MARKETING COMPANY IN WEST TO PROMOTE EXPORTS OF EAST GERMAN GOODS (AND THUS ENHANCE CDC SALES PROSPECTS IN GDR) WAS REBUFFED ON GROUNDS THAT SUCH ARRANGEMENTS NOT FEASIBLE PRIOR TO NORMALIZATION OF US-GDR RELATIONS. HOWEVER, ACCORDING ORVILLE FREEMAN, PRESIDENT OF BI, CDC HAS CONCLUDED SALES DEAL WITH GDR BUT CONTRACT IS TO BE SIGNED AT LEIPZIG SPRING FAIR.

4. IN CONVERSATION WITH MINISTER PRIOR TO DEPARTING BERLIN, FREEMAN SAID GDR HOSTS HAD BEEN MOST HOSPITABLE. SINDERMANN AND BEIL HAD PERFORMED IN PARTICULARLY IMPRESSIVE FASHION BUT FREEMAN HAD BEEN IMPRESSED AS WELL BY OTHER EAST GERMANS. BI AND GDR REPRESENTATIVES MET AT END OF THREE-DAY SESSION TO PUT ON PAPER MUTUAL CONCLUSIONS WHICH COULD SERVE AS BENCHMARK FOR SMALL FOLLOW-UP SESSION PLANNED FOR SOME SIX MONTHS FROM NOW. ACCORDING TO FREEMAN, BI USED THIS OPPORTUNITY TO MAKE FOLLOWING POINTS:

A) EXPANDED ECONOMIC DEALINGS WITH MULTINATIONALS NEED NOT AWAIT NORMALIZATION OF US-GDR RELATIONS OR CONCLUSION OF BILATERAL COMMERCIAL AGREEMENTS;

B) BUSINESS WITH GDR SHOULD NOT BE CONTINGENT ON PARTICIPATION IN LEIPZIG FAIR OR ENGAGEMENT OF GDR REPRESEN-TATIVE FIRMS;

C) BETTER CONTACT TO EAST GERMAN END-USERS WAS NECESSARY, CONFIDENTIAL

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ESPECIALLY WHERE SOPHISTICATED PRODUCTS AND/OR TECHNOLOGIES INVOLVED; AND

D) WESTERN FIRMS HAVE FORMED JOINT ENTERPRISES WITH HUNGARIAN, POLISH AND ROMANIAN ENTITIES AND WOULD BE INTERESTED IN ESTABLISHING SUCH VENTURES WITH GDR.

5. FREEMAN SAID SINDERMANN HAD REACTED RATHER POSITIVELY TO

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ALL OF THESE POINTS, ALTHOUGH FORMAL ROUND-TABLE SESSIONS AND INFORMAL EAST GERMAN COMMENTS HAD GIVEN IMPRESSION OF A MORE NEGATIVE GDR POSITION. ON SPECIFIC POINTS ABOVE, SINDERMANN REPORTEDLY STATED:

A) GDR COULD PROBABLY DO MORE WITH MULTINATIONALS EVEN IN PRESENT CIRCUMSTANCES AND PROMISED THAT SUCH POSSIBILITIES WOULD BE EXPLORED;

B) PARTICIPATION IN LEIPZIG FAIR HIGHLY RECOMMENDED AND USE OF GDR REPRESENTATIVE FIRMS PREFERRED, BUT NEITHER IS PRE-CONDITION FOR COMMERCIAL TRANSACTIONS;

C) CONTACTS TO EAST GERMAN END-USERS ARE AND WILL BE POSSIBLE; AND

D) THERE NO LEGAL OR POLICY IMPEDIMENT TO JOINT GDR-WESTERN ENTERPRISES, FORMATION OF WHICH GDR WOULD WELCOME.

6. FREEMAN ALSO RECOUNTED CONVERSATION BETWEEN BEIL AND CONZEN, PRESIDENT OF SCHERING-PLOUGH CORP., REGARDING ESTABLISHMENT OF US-GDR DIPLOMATIC RELATIONS. BEIL SAID HE ADMIRED USG FOR ADHERING TO AGREEMENT WITH FRG THAT RELATIONS WOULD NOT BE ESTABLISHED PRIOR TO INSTALLMENT OF FRG PERMANENT REPRESENTATIVE IN EAST BERLIN (SIC) IN THIS CONNECTION, BEIL CLAIMED THAT GDR HAD OFFERED US SUITABLE PREMISES IN EAST BERLIN LAST YEAR BUT THESE HAD NOT BEEN ACCEPTED BECAUSE OF US COMMITMENT TO FRG.KLEIN

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